

19 May 1981

MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 19 May 1981

The Director chaired the meeting.

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The Director noted the NSC request that we take another look at E.O. 12036 with a view to making it more attuned to the President's wishes. The Director asked Sporkin to see if he could draft a new Executive Order given the NSC guidance. The Director asked Hitz and Hetu to prepare a draft Presidential statement which would be presented simultaneously with the draft Executive Order. The Director agreed with Sporkin's suggestion that he, Admiral Inman, and Sporkin meet with Richard Allen to get further guidance for the Executive Order. Before this meeting the Director would like to discuss with Admiral Inman and Sporkin the process we followed in preparing the Executive Order and then to inform Allen of what we can or cannot do to satisfy his requirements. Admiral Inman noted his problem is that he has testified publicly that the Executive Order needs only minimal changes to be effective; therefore, in order not to damage his credibility, he will not be involved in any of the NSC negotiations. The Director agreed to Hitz's suggestion that he (Hitz) notify the HPSCI and SSCI Staff Directors that we have received the NSC letter and are working on it. Admiral Inman said that he would like to discuss our response to the Committees before we inform them.

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Fitzwater commented that as a result of a recent article which appeared in the New York Times about the Foreign Service Institute's showing of a film on the risk of capture there have been press requests to see the film. The film was shown by State Department; however, it was prepared by the CIA and was not classified. Fitzwater noted that if terrorists saw the film they would be able to see what our procedures are and where our weaknesses are in the protection of our people and facilities. Fitzwater noted that he has now classified the film with State's agreement and any requests by the press to review the film will be denied. []

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[] Briggs reported on his session last night with the Midcareer Course.

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The Director noted that he received a letter from Arthur Sulzberger, Publisher, New York Times, asking CIA to reaffirm its commitment not to use journalists to collect intelligence information. A general discussion ensued. []

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Hitz noted that he is drawing up a replacement bill on Identities Legislation as a result of a meeting he had with the Senate Judiciary Committee Staff yesterday. []

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Hetu reported that the Security Day program [] went well (see Staff Meeting Minutes of 12 May). []

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Hetu initiated a discussion of the revised CIA assessment of Soviet oil production. The press has recently carried stories (see attached) of the CIA reassessment as a result of a lecture given at Harvard by a CIA analyst who was not an oil expert. Hetu requested that we revise the key judgments section of the classified oil paper being done to reflect the changes in our judgment and the methodology used. This problem caused the Director to ask for a review of our policy of sending analysts to lecture at various universities. []

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[] noted that, based on April personnel projections, by the end of the year our strength will be [] under our authorized ceiling. [] noted, however, that it is also possible that we could be over our ceiling. In response to the Director's question of whether we are filling our positions with competent people, McMahon said we are getting good young people out of the universities and senior lateral transfers are accounting for some of the EODs at the higher grades. Dirks noted he is getting good people, but DDS&T is suffering from a loss of good people to industry with promises of a 50 percent pay increase. A general discussion ensued on what was the best way to remedy our loss of people and to ensure that we get good people on board. []

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[] noted that the clean-up session on the SNIE on terrorism was held on 18 May and that differences between DIA, State, and CIA were narrowed. Ford said DIA will recommend only two or three dissents to the SNIE. []

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Admiral Inman introduced [] as his Special Assistant.

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CIA OPERATIONS CENTER

NEWS SERVICE

Date. 19 May 81Item No. 1

Ref. No. _____

DISTRIBUTION II

Item from THE NEW YORK TIMES, Page 1.

C.I.A. Revises Estimate, Sees Soviet As Oil-Independent Through 80's

By BERNARD GWERTZMAN

Special to The New York Times

WASHINGTON, May 18 — In a move with potential ramifications for American foreign policy, the Central Intelligence Agency has increased its estimates of Soviet oil production, an agency spokesman said today. It now says that during the 1980's Moscow will still be able to meet its energy needs without having to import petroleum, according to Administration officials.

The officials said today that a new C.I.A. study states that, contrary to previous agency estimates, the Russians will not be competing for Middle Eastern or other foreign sources of oil by 1985. The

study has already been discussed with Western allies, the officials said.

Beginning in 1977, the C.I.A. had predicted that Soviet oil production would start declining by 1980 and that by 1985 the Russians would have to import as much as 3.5 million barrels a day for their needs. The C.I.A. now says that estimate will not be borne out, the officials said. The revision is attributed to increased Soviet investment in oil production.

World's Largest Producer

The C.I.A. projection is important because, following the Soviet intervention in Afghanistan in December 1979, officials from the Carter Administration and later the Reagan Administrations cited the Soviet "need" to import oil as a rationale for the Soviet moves to bring troops closer to the Persian Gulf.

The Soviet Union has reported that its oil production, in fact, has gradually risen and is now about 12.1 million barrels a day, making it the largest producer of petroleum in the world. Saudi Arabia is second and the United States third. The Russians remain net exporters of oil.

Until the latest estimate, the C.I.A. had predicted that by 1985 a Russian decline

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Soviet Energy Independence

Continued From Page A1

would have led them to produce no more than 8 million to 10 million barrels a day. Now, a C.I.A. spokesman said today, the agency estimates that by 1985 the Soviet Union will produce 10 million to 11 million barrels a day. In addition, with Soviet natural gas production rising, there seems to be no need for Soviet energy imports by then, officials said.

Some State Department officials said that the C.I.A. estimate for 1985 of 10 million to 11 million barrels may prove to be underestimates. The Russians' own projection of oil production in the current five-year plan is 12.4 million to 12.9 million barrels a day by 1985.

Two months ago, Defense Secretary Caspar W. Weinberger, in justifying the Administration's case for increasing the American military presence in the Persian Gulf area, said that region "is and will be the fulcrum of contention for the foreseeable future."

"The Soviet Union will almost certainly become a net energy importer," he said. "This, coupled with their economic necessity for eventual access to

the Gulf oil basis, is their long-range objective of denying access to oil by the West."

Marshall I. Goldman, associate director of the Russian Research Center at Harvard, said today that James Noren, a C.I.A. analyst, discussed the latest Soviet oil projections at a seminar at the center last week.

'Not Desperate for Petroleum'

Mr. Goldman, who had been sharply critical of the earlier C.I.A. estimates, said that the new projection "means first of all that we should at least allow for the fact that the Soviets are not desperate for petroleum."

"So far, we have been conducting our foreign policy on a worst-case scenario," Mr. Goldman said. "The estimates that have been governing policy have been proven wrong so far. It doesn't mean that the Soviets are now benevolent in the Middle East, but those who think the Russians must go into the Middle East for oil are wrong."

Mr. Noren, in his discussion at Harvard, attributed the new, higher projection to forecasts based on increased Soviet investment in oil production. He

also said that the Russians were putting increased stress on conservation and that they plan to raise their wholesale prices next year, the first time this has been done since 1967.